



# Product Distribution

## Business Case

Last Revision	Last Review	Description
01/15/2001		Draft copy to sub & core team.
01/22/2001		Revised draft to core team
01/26/2001		Revised version to core team
01/29/2001		Revised version in proper format
02/02/01		Revised
02/08/01		Final

Prepared by: Product Distribution Team

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## Change History Log

Date	Change Description	Author
01/15/2001	Draft copy to sub & core team.	Michaelyn Milidantri
01/22/2001	Revised draft to core team	Michaelyn Milidantri
01/26/2001	Revised version to core team	Michaelyn Milidantri
01/29/2001	Revised version in proper format	NCS Staff
02/02/01	Revised	Michaelyn Milidantri
02/08/01	Final which incorporated costs and milestones	Michaelyn Milidantri



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## 1 Project Information

**Name:** SFA Product Distribution

**Project Sponsor:** G. Kay Jacks (SFA School Channel)

**Project Lead:** Michaelyn Milidantri (School Channel)

**Project Team:** Representatives from all affected Channels were included on the project team.

## 2 Project Description

*Describe the need for change (the business problem to be addressed).*

SFA is identifying ways to reduce the costs of delivering student financial aid. Currently some products (a website, software diskettes, hard copy manuals/guides, and Renewal application instruction booklets and envelopes) are being managed and/or distributed to financial aid professionals. These products are currently under the Title IV Wide Area Network (TIVWAN) contract, which is scheduled to expire on September 30, 2001. SFA does not plan on extending this contract. The maintenance and updating of the website is a necessity and must be continued. In addition, some needs remain (mostly as a customer service) to continue the distribution of the remainder of the hard copy products.

*What is the purpose of the initiative?*

The purpose of this business case is to support tombstoning the TIVWAN contract; specifically to transition the products and distribution portion of this contract to another, existing contract, the Central Processing System (CPS). In addition, we have identified ways to reduce the need for some of the hard copy products.

*What is the scope of the initiative, including what it is not?*

The scope of this initiative has three parts:

- (1) Website: In December 1999, the TIVWAN contract was tasked with creating the SFA download website which assists users by expediting the process of software and documentation distribution. This site is the single location where the financial aid community goes to download all SFA-provided software and the technical manuals related to that software. These products currently consist of: all versions of EDEExpress, FAFSA Express, FISAP, Quality Analysis Tool, Quality Assurance Program, EDconnect, Renewal Applications for Windows, Return of Title IV Funds, and SSCR software. In addition, supporting documentation for each PC-based software release and a main frame guide are available at the same site. This software and documentation are needed by financial aid professionals for the delivery of Title IV student aid funds. It is because of the implementation of this website that SFA has been able to discontinue much of the costly printing, manual distribution and mailing of our software and technical manuals since 1999. (Estimated savings so far: \$3.8M, not including postage costs) Therefore it is imperative that this website and the services it offers be continued.
- (2) Small inventory of hardcopy diskettes/manuals: More than 95% of all software and manuals are obtained directly from the SFA download website, and for the most part, do not have to be distributed en masse. There are some instances, however, where hard copy diskettes and copies of the technical manuals are kept in an inventory to be mailed to FAAs who are new to this electronic process or who have problems downloading the various products. For new users, we automatically mail out hardcopy diskettes and manuals. For those users who have trouble downloading the software, we mail these products out upon request, on an ad hoc basis.



During the course of this analysis, we have identified new procedures that could be implemented prior to September 30, 2001, which will further reduce the need for some of the hard copy inventory. We would like to implement these new procedures immediately in order to ensure that a high level of customer service continues during the transition, yet determining if further savings can be experienced as a result of these new procedures. These procedures have the potential of eliminating the hard copy inventory and reducing our costs further. Should there continue to be a need for hardcopy diskettes or manuals, this service could, nevertheless, be provided.

- (3) Desk References: In addition to the technical manuals, there are desk references that accompany some of the software that, due to the nature of their design, are not conducive to being supplied only in an electronic format. These desk references are simple reference or help tools that are meant to sit on a desk, complete with pages that flip over and are indexed with tabs, thereby helping the financial aid professional community as they use our software. Expenditures for FY 99 for desk references was a little over \$45,000 and for FY 2000 it was almost \$81,000. (The reason for the increase was due to the mailing of new desk references that had not been updated during the prior fiscal year.) Even at \$81,000, we feel the cost is nominal considering the good customer service it brings. We believe that the discontinuance of these products would cause much customer dissatisfaction. We recommend that this service, likewise, be continued.

In addition, any Management Information System reporting requirements for these products and their distribution would, likewise, continue.

We recommend that all the SFA products identified above be transitioned to the Central Processing System (CPS) contract. There are several advantages that the CPS has over other SFA contractors or other alternatives:

- ◆ Both the TIVWAN and CPS contracts are operated by National Computer Systems Pearson (NCS Pearson). It was NCS Pearson that worked closely with ED to define the requirements for the development of the SFAdownload web site.
- ◆ The CPS has much experience in the development and maintenance of SFA-related websites. Examples are FAFSA on the Web (English and Spanish), Correction on the Web, PIN on the Web, FAA Online/Student Access Online, and SFA Technical Support.
- ◆ The CPS currently has tasks under its existing contract which involve mailing of similar products. Examples are FAFSA Express software, installation guide and envelopes; Renewal Applications, PINs (print, seal and mail them), Federal School code letter, Confirmation Correction Letter for the Federal School codes, and Student Aid Reports (estimated 33 million pieces of mail per year)..
- ◆ Staff currently employed for the TIVWAN contract actually work for NCS Pearson. These individuals and their knowledge can be easily moved under the CPS (also NCS Pearson) without any interruption in the operation of this website.
- ◆ Currently the CPS produces the majority of all the products that are distributed under the TIVWAN contract (see table below).
- ◆ Due to the recent consolidation of the CPS and TIVWAN customer service units, the newly combined unit (called SFATech call center) currently handles questions related to the SFAdownload website and provides help with the down load process and the ordering of these hardcopy products.

This move would be transparent to our customers, yet would maintain our valued service. This recommendation allows these products to be consolidated into a single, yet existing contract, thereby easing the tombstoning of the TIVWAN contract.

Product	Owner
EDconnect software	Title IV WAN
Student Aid Internet Gateway Host Communication Guide (mainframe guide)	Title IV WAN
Message Class Tables (CPS maintains tables within documents like the technical references and desks references)	Title IV Wan CPS
EDconnect Desk Reference	Title IV WAN



EDEExpress software 2001-2002	CPS
EDEExpress software 2000-2001	CPS
EDEExpress software 1999-2000	CPS
FAFSA Express software 2001-2002	CPS
FAFSA Express software 2000-2001	CPS
FAFSA Express software 1999-2000	CPS
FISAP for Windows software 2002-2003	CPS
FISAP for Windows software 2001-2002	CPS
Quality Assurance Program (QAP) software 1999-2000	CPS
Quality Analysis Tool (QA Tool) software	CPS
Renewal Applications for Windows software 2001-2002 (new product)	CPS
Return of Title IV Funds software (non year specific)	CPS
Student Status Confirmation Reporting (SSCR) software (non year specific)	CPS
Direct Loan Tools (Version 1.0) software (new product)	CPS
CPS Query User's Guide 2000-2001	CPS
Direct Loan Technical Reference 2001-2002	CPS
Direct Loan Technical Reference 2000-2001	CPS
Direct Loan Technical Reference 1999-2000	CPS
EDE Technical Reference 2001-2002	CPS
EDE Technical Reference 2000-2001	CPS
EDE Technical Reference 1999-2000	CPS
FISAP Technical Reference 2002-2003	CPS
FISAP Technical Reference 2001-2002	CPS
Packaging Technical Reference 2001-2002	CPS
Packaging Technical Reference 2000-2001	CPS
SSCR Technical Reference	CPS
EDEsuite Desk References: Application Processing Packaging Direct Loan Pell Payment FISAP QA Tool (formerly Quality Assurance Program (QAP) for Windows) SSCR-32	CPS
RFMS Pell Grant Technical Reference 2001-2002	RFMS & CPS
RFMS Pell Grant Technical Reference 2000-2001	RFMS & CPS
RFMS Pell Grant Technical Reference 1999-2000	RFMS (ACS & Macro)
NSLDS Desk Reference	NSLDS

***What is the start date and end date of the initiative?***

The planned start date is March 12, 2001. The planned end date is September 30, 2001 which coincides with the expiration of the Title IV WAN contract. The product distribution portion would continue to be provided under the CPS contract until that contract is recompleted, reorganized, and/or modernized according to SFA's blueprint.



***What other business areas/external groups are affected by the implementation of this initiative and how are they affected?***

The following groups are affected by this initiative:

1. Operating Partner under the CPS contract, NCS Pearson
2. Student Channel staff responsible for the CPS contract (COTR, for example)
3. Grants and Contracts staff who would be responsible for documenting these tasks and incorporating them via a task order into the CPS contract.

We anticipate that there would be minimal (if any) affect to the following groups:

4. Title IV Application Systems (NSLDS, QAP, FISAP, DL who provide the software). Instead of providing the software to the TIVWAN contractor, they would be notified to provide the software to the CPS contractor.
5. Virtual Data Center, which will be advised of the change in contacts for this website
6. School & Student Channel Call Centers that will need to be advised that these products are being moved from the TIVWAN contract to the CPS contract.
7. SFA end-users (schools, guarantee agencies, state agencies, and third party service providers) would continue to call the (800) 615-1189 phone number under the newly combined SFA Tech call center should they experience problems with downloading, etc.

***What systems are impacted by the implementation of this initiative and how are they impacted?***

No system would be impacted by this implementation other than the CPS and TIVWAN systems. Other systems are impacted only by having to be aware of this change and know who to contact under the CPS contracts. All system entities currently providing software and technical manuals to TIVWAN for posting to the website and for manual distribution will continue to provide such software and technical manuals. They will merely provide it to the same vendor (NCS Pearson), but under a different contract (CPS). The website is already developed and functioning satisfactorily and resides on NT servers at the Virtual Data Center (VDC) in Meriden, Connecticut. There will be no change in the technologies used for this project.

***What business processes are impacted by the implementation of this initiative and how are they impacted?***

There would be no major impact to our business processes. However, we have identified some minor procedures that if implemented could cause a further reduction in our inventory and costs. Addressing these outdated procedures involves eliminating the automatic mailing of hardcopy diskettes and technical manuals to new users. Instead, we recommend that we instruct schools (either with a written letter or an email) to obtain these products from the website. Although some new users may need some additional guidance (customer service), we will be teaching them how to download this software from the beginning and they will be less likely to rely on requesting hard copy diskettes or technical manuals in the future. All institutions participating in the Title IV programs must meet minimal technical standards, therefore, this proposed change to the procedures should not impose additional burden on new users.



### 3 Technologies Used

No new technologies will be implemented as part of this business case.

### 4 Benefits

#### Reduce Unit Cost

Quantified Benefit (\$)	How will benefit be measured/realized?	When will benefit be realized?
<p>We do not believe there will be any significant reduction in unit costs. By transitioning these products to the CPS, however, we are attempting to avoid a major increase in costs that another alternative (finding a new contract vehicle for these tasks) would cause. At the point of drafting this business case, we are not sure how the unit costs will be affected, but we hope that they will not significantly increase. We expect the costs for continuing these tasks under the CPS contract would be similar to those costs currently being charged under the TIVWAN contract, since costs for both contracts were obtained through the competitive bidding process and since both contracts are 'owned' by the same company, NCS Pearson. It is possible there may be a net reduction in costs due to the consolidation of these services into one contract. On the other hand, there possibly might be an increase in the unit prices, since these unit costs were put in place more than 5 years ago. Until we discuss this recommendation with NCS Pearson, the effect on these units costs are unknown.</p> <p>Finally, we have identified some outdated procedures related to the manual distribution of some products that we believe, if modified, will further reduce our costs to create and maintain these small inventories. During option year 4 (FY 99) of the TIVWAN contract, we expended \$1,292,664 for distribution of these products. During option year 5 (FY 2000), we expended only \$484,254, for a savings of \$808,410. We expect FY 2001 to be even less. Costs to maintain the SFAdownload website would probably remain constant (about \$160,000 per year).</p>	<p>We will measure the benefits by monitoring a reduction in the inventories and the mailing of the software diskettes and hardcopy technical manuals.</p>	<p>Within one month of implementation of the new procedures.</p>
<b>Assumptions</b>		
<p>1. Unit costs for these tasks are currently incurred under the TIVWAN contract and we expect those costs will merely roll over to the CPS contract, since the same vendor is involved. We do not anticipate a major increase in those unit costs. If there is an increase in the unit price (due to the fact that the TIVWAN contract was bid over 5 years ago), we believe those costs would not be sufficiently greater than what is currently being experienced.</p>		





Quantified Benefit (\$)	How will benefit be measured/realized?	When will benefit be realized?
<ol style="list-style-type: none"> <li>There may be a reduction in the unit costs experienced due to the consolidating of these tasks.</li> <li>There will be additional savings due to the implementation of the new procedures that eliminate manual handling of some of the hardcopy products.</li> <li>We are assuming that all schools that participate as destination points meet the minimal technical standards (hardware and software requirements) as outlined by ED.</li> </ol>		

### Increase Customer Satisfaction

Quantified/Qualitative Benefit	How will benefit be measured/realized?	When will benefit be realized?
The transitioning of these products to the CPS is primarily aimed at maintaining customer satisfaction with the continuation of these services. We anticipate that added customer and SFA employee satisfaction will be experienced due to the consolidating of these efforts under a 'single roof,' which will result in the simplification of problem resolution. Problems can be resolved by a single contractor rather than trying to figure out if the problems were the responsibility of the CPS or TIVWAN.	There will be no increase in the number of complaints due to the loss or degradation of service as a result this transition.	Within one month after the transition has been accomplished, prior to September 30, 2001.
<i>Assumptions</i>		
<ol style="list-style-type: none"> <li>Our assumption is that the merging of the CPS and TIVWAN call centers under the 'one call' SFA Tech call center (and using the existing TIVWAN toll free number) will go into affect prior to September 30, 2001.</li> <li>We also assume that NCS/CPS willingly accepts this additional work.</li> </ol>		

### Increase Employee Satisfaction

Quantified/Qualitative Benefit	How will benefit be measured/realized?	When will benefit be realized?
The experienced TIVWAN staff currently managing this site and handling these products are already employed by NCS Pearson, so we anticipate these individuals will continue to perform the same duties, but will do so under the CPS contract. Maintaining these employees will eliminate any significant loss of experience or service. SFA employees will, therefore, not experience any significant problems in monitoring these tasks under the CPS contract.	Student Channel staff (the CPS COTR) will not notice or experience an increase in problems as a result of this transition.	Immediately upon implementation of this transition.



<i>Assumptions</i>						
1. TIVWAN (NCS) staff will be maintained by CPS (NCS).						

## 5 Cost

Estimated overall dollar amount of all benefits listed above.

<b>Quantified Benefits</b>						
	<b>BY (2001)</b>	<b>BY+1 (2002)</b>	<b>BY+2 (2003)</b>	<b>BY+3 (2004)</b>	<b>BY+4 (2005)</b>	<b>Total</b>
Cost to Operate under TIV WAN	\$0	\$498,000	\$519,000	\$540,000	\$563,000	\$2,120,000
Implementation	\$38,000	N/A	N/A	N/A	N/A	\$38,000
Cost to Operate under CPS	\$0k	\$498,000	\$519,000	\$540,000	\$563,000	\$2,120,000
Net Savings	(\$38,000)	\$0	\$0k	\$0k	\$0k	(\$38,000)
Cumulative Net Savings	(\$38,000)	(\$38,000)	(\$38,000)	(\$38,000)	(\$38,000)	
<i>Assumptions</i>						
<ul style="list-style-type: none"> <li>Implementation costs assumes current system is transitioned to CPS. If the enhancement to eliminate mailing products to new users is replaced by email or letter is implemented, an additional \$30,000 should be added to Operating Costs for that fiscal year.</li> <li>Assumes 4% escalation</li> <li>Cost to perform annual rollover \$10,000</li> <li>Estimated annual cost to operate system \$488,000 (includes \$155,000 for hardcopy distribution to users)</li> <li>Cost to distribute software and documentation is based on FY01 n/counts for Oct – Dec and FY00 volumes for Jan through Sept</li> </ul>						

This section provides **estimated** costs, including those to initially transition (BY = Base Year) the system and costs to support it over its useful life (BY+1 through BY+4).

<b>COSTS</b>						
	<b>BY (2001)</b>	<b>BY+1 (2002)</b>	<b>BY+2 (2003)</b>	<b>BY+3 (2004)</b>	<b>BY+4 (2005)</b>	<b>Total</b>
<b>Implementation</b>						
Transition to CPS	\$38,000	\$0	\$0	\$0	\$0	\$38,000
<b>Operations</b>						
Ongoing Operations Costs	N/A	\$498,000	\$519,000	\$540,000	\$563,000	\$2,120,000



Assumptions
<ul style="list-style-type: none"><li>• Implementation costs assumes current system is transitioned to CPS. If the enhancement to eliminate mailing products to new users is replaced by email or letter is implemented, an additional \$30,000 should be added to Operating Costs for that fiscal year.</li><li>• Assumes 4% escalation</li><li>• Cost to perform annual rollover \$10,000</li><li>• Estimated cost to operate system \$488,000 (includes \$155,000 for hardcopy distribution to users)</li><li>• Cost to distribute software and documentation is based on FY01 n/coupons for Oct – Dec and FY00 volumes for Jan through Sept</li><li>• Annual rollover activities are included in the Operating Costs</li></ul>

## 6 Total Cost of Ownership

*What is the level of required enhancement after implementation?*

N/A

*What is the life span of this initiative?*

There will be a several month transition that must be implemented by September 30, 2001. After that, these tasks will continue to be delivered under the CPS contract until such time that the CPS contract is recompeted or modernized.

## 7 Alternatives

*Describe what could be done in place of this initiative and describe the consequences of each alternative.*

Alternative	Consequence
We could contract out for these tasks to a new vendor	Competition of contracts, however, is a time consuming and arduous process. Due to the lack of resources within SFA to focus on creating a new contract (there are so many other modernization tasks currently going on), due to the lack of time to procure a new vendor, and a lack of time for the new vendor to develop and implement the procedures needed and train its staff, it is not probable that this could be accomplished by September 30, 2001. Competition of a new contract would add unnecessary strain on SFA staff (causing employee dissatisfaction) and might result in a reduction of service to our customers (causing customer dissatisfaction). It may also result in an increase in unit costs for these products (increase in costs) from the new vendor.
Split up the tasks and incorporate them into several existing contracts.	For example, let EDPUBs be responsible for mailing the hardcopy diskettes and manuals. There currently is a move to improve SFAs publication services for schools by centralizing our publication ordering system into the EDPUBs system so that FAAs don't have to check with multiple call centers to find what they need. The drawback to this idea (for the purposes of this IPT) is that another entity would still have to provide the photocopied paper documents and the diskettes to EDPUBs, as they are not printed by GPO or any other replication company. This might necessitate EDPUBS keeping a larger than necessary inventory of diskettes and publications on hand.
School Channel Customer Service Call Center staff be responsible for uploading the	This splitting up of the tasks would make it harder for our customer service staff to provide good service since the handling of each of these tasks are spread across several different entities (return to the 'hair-ball' scenario). In addition, additional resources (staff) would have to be added to CSCC in order to take on this added work. It is more efficient if the same entity that uploads the software is responsible for handling inquiries pertaining to problems with the



Alternative	Consequence
software to the website, and an ED contractor be responsible for maintaining the website.	download process, there again causing a consideration for added resources.
Remain-as is	This is not an option since the TIVWAN contract expires on September 30, 2001.
Non-technology solution	We could discontinue the download website and return to the manual duplication and distribution of software and technical references. There would be an increase in costs and a decrease in customer service as a result of lost or damaged deliverables that are experienced by using mail services. It would also increase the amount of time required to provide these hardcopy products via any mail service. It would most certainly cost more to duplicate hardcopy diskettes and manuals as well as cause an increase in postage.
Enhance an existing system	This business case does exactly that by transitioning the existing work in tack to another contract.
Implement on a smaller scale	This is not an option since the distribution of all products cannot be done on a smaller scale. Service to all our customers must continue.

## 8 Risks

Risk	Description of Risk	Mitigation Strategy
Schedule	Inability to negotiate a suitable task order change to have a contract in place by September 30.	Should time be insufficient to transition these products to the CPS, we would request that the TIVWAN contract be extended until such time that the task orders could be put into place. However, we believe, the time between March and September 2001 is sufficient to transition these established tasks to the CPS. The same vendor is involved with an understanding of the products and services required. NCS Pearson would not have to hire and train new staff; they would utilize the existing staff who were performing the work under the TIVWAN contract.
Financial	There is a possibility that NCS Pearson would want to renegotiate these unit costs and that these costs might increase significantly.	If SFA were to determine that these unit costs were unacceptable, then we would have to consider other alternatives (such as breaking up the tasks and having other contractors be responsible for the mailing or for posting material to the website.).
Benefits	Our user satisfaction may decline due to our recommended change to the process of not mailing out hardcopy diskettes and publications to new users.	If this were to happen, we would return to the previous practice.



## 9 Acquisition Strategy

No specific sources of supplies or services will be needed for these initiatives at this time.

## 10 Schedule/Milestones

The schedule and associated dates are still in the planning stage and subject to change.

#	Milestone	Start Date	End Date
1	Receive approval from SFA to transfer Product Distribution to CPS.	N/A	3/9/01
2	Select Transition Team	3/12/01	3/15/01
3	Create tracking summary of questions to derive requirements	3/16/01	3/23/01
4	Hold requirements meetings with ED & CPS	3/27/01	3/27/01
5	Prepare and submit System Transition Plan (includes requirements tracking document and project schedule)	3/16/01	3/30/01
6	Receive approval of System Transition Plan from SFA	N/A	4/6/01
7	Receive authorization for CPS contract authorization	4/30/01	4/30/01
8	Execute Plan	4/9/01	9/14/01
9	Hold Production Readiness Review (PRR)	N/A	9/21/01
10	CPS moves code into production	9/24/01	9/28/01
11	Report status progress to TIV WAN & CPS COTRs on a weekly basis	3/9/01	9/30/01